

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2015

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-12
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 14-15
Statement of Activities	B 16-17
Governmental Fund Financial Statements:	
Balance Sheet	C 18
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	D 19
Statement of Revenues, Expenditures and Changes in Fund Balances	E 20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 22
Proprietary Fund Financial Statements:	
Statement of Net Position	G 23
Statement of Revenues, Expenses, and Changes in Fund Net Position	H 24
Statement of Cash Flows	I 25
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	J 26
Statement of Changes in Fiduciary Net Position	K 27
Notes to Financial Statements	28-43
Required Supplementary Information:	
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	45
Notes to Required Supplementary Information - Budgetary Reporting	46
Schedule of the District's Proportionate Share of the Net Pension Liability	47
Schedule of District Contributions	48
Notes to Required Supplementary Information - Pension Liability	49-50
Schedule of Funding Progress for the Retiree Health Plan	51
	<u>Schedule</u>
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 53
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	2 54
Capital Project Accounts:	
Combining Balance Sheet	3 55
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	4 56
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5 57
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6 58
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	59-60
Schedule of Findings and Responses	61-63

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

Heather Schulte	President	2017
Bobbie Goetzinger	Vice President	2015
Daniel Porter	Board Member	2015
Bruce Palmborg	Board Member	2015
Melanie Mauss	Board Member	2017

School Officials

Dr. Dale Crozier	Superintendent
Janet Heiderscheit	District Secretary/Treasurer
Marion Verdon	District Secretary/Treasurer

Gary E. Horton CPA

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Clarion, IA 50525-0384
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(515) 532-2405 Fax
BETCO@mchsi.com E-mail

Independent Auditor's Report

To the Board of Education of
Eastern Allamakee Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Eastern Allamakee Community School District, Lansing, Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Eastern Allamakee Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 13 to the financial statements, East Allamakee Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No 68, Accounting and Financial

Reporting for Pensions . an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 45 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern Allamakee Community School District's basic financial statements. We previously audited, in accordance with the standards referred in the third paragraph of this report, the financial statements for the nine years ended June 30, 2014 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2016, on our consideration of Eastern Allamakee Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Eastern Allamakee Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

May 27, 2016

MANAGEMENTS DISCUSSION AND ANALYSIS

This section of the Eastern Allamakee Community School District's GASB 34 annual financial report presents its discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2015. The analysis focuses on the district's financial performance as a whole.

Please read it in conjunction with District's financial statements, which immediately follow this section.

2015 FINANCIAL HIGHLIGHTS

The general fund revenues decreased from \$3,960,280 in fiscal 2014 to 3,802,454 in fiscal year 2015; while the general fund expenditures decreased from \$4,130,696 in fiscal 2014 to \$3,978,838. This resulted in a decrease in the district's general fund balance of \$920,719 in fiscal 2014 to \$744,335 in fiscal year 2015. That is a decrease of 19 percent from the previous year.

The decrease in general fund revenues was attributed to declining enrollment. The decrease in expenditures was attributed to a decrease in both the cost of instruction and in the support services cost for transportation.

The district receives Statewide Sales Tax that is being used for repayment of the Sales, Service and Use tax Revenue bonds issued to construct the Sports Complex, renovation of the Softball field, lease of buses, technology purchases and other building repairs.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Eastern Allamakee Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Eastern Allamakee Community School District's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Eastern Allamakee Community School District acts solely as an agent or custodian for the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. The District's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

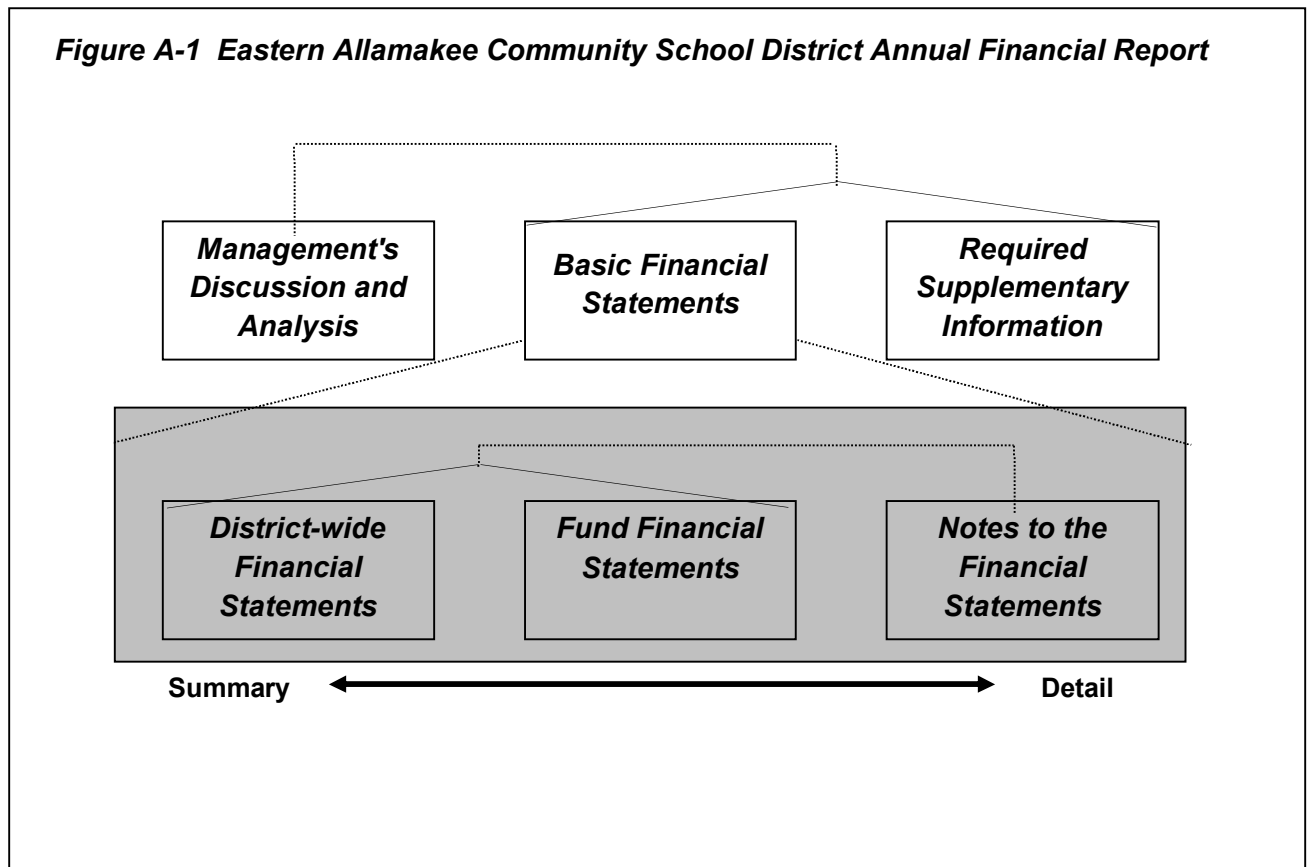


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflow/ inflow information	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of fund balance that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period	Consumption/ acquisition of net position that is applicable to a future reporting period
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the Government-wide financial statements, the District's activities are divided into two categories.

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

1. *Government Funds:* Most of the District's basic services are included in government funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the government funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and the Capital Projects Funds.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2. *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's Enterprise Fund, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3. *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.
 - Private-Purpose Trust Fund . The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2015 compared to June 30, 2014.

Figure A-3

	Condensed Statement of Net Position						Percentage Change
	Governmental Activities		Business-type Activities		Total School District		
	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	
	\$	\$	\$	\$	\$	\$	
Current and other assets	4,391,917	4,436,774	15,651	23,487	4,407,568	4,460,261	1%
Capital assets	7,501,874	7,351,123	23,775	19,691	7,525,649	7,370,814	-2%
Total assets	11,893,791	11,787,897	39,426	43,178	11,933,217	11,831,075	-1%
Deferred outflows of resources	-	269,444	-	9,357	-	278,801	100%
Long-term liabilities	4,515,031	5,534,636	5,190	54,171	4,520,221	5,588,807	24%
Other liabilities	478,077	454,354	15,412	15,851	493,489	470,205	-5%
Total liabilities	4,993,108	5,988,990	20,602	70,022	5,013,710	6,059,012	21%
Deferred inflows of resources	2,149,357	2,771,864	2,992	21,977	2,152,349	2,793,841	30%
Net Position:							
Net investment in capital assets	3,191,874	3,396,123	23,775	19,691	3,215,649	3,415,814	6%
Restricted	759,216	941,148	-	-	759,216	941,148	24%
Unrestricted	800,236	(1,040,784)	(7,943)	(59,155)	792,293	(1,099,939)	-239%
TOTAL NET POSITION	4,751,326	3,296,487	15,832	(39,464)	4,767,158	3,257,023	-32%

The District's total net position showed a decrease overall for the year ending June 30, 2015 compared to June 30, 2014. The largest portion of the District's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased over the previous year. The change was due to pension liabilities.

Unrestricted net position . the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . decreased \$1,892,232 or 239%. This reduction in unrestricted net position was primarily a result of the District's net pension liability net pension expense recorded in the current year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 for governmental activities and business type activities were restated by \$1,761,840 and \$28,084, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 shows the change in net position for the year ended June 30, 2015 compared to the year ended June 30, 2014.

Figure A-4

	Change in Net Assets						Percentage Change
	Governmental Activities		Business-type Activities		Total School District		
	2014 (Not restated)	2015	2014 (Not restated)	2015	2014 (Not restated)	2015	
	\$	\$	\$	\$	\$	\$	
Revenues							
Program Revenues:							
Charges for services	426,108	385,955	132,051	136,736	558,159	522,691	-6%
Operating grants & contributions	655,332	632,028	108,060	107,775	763,392	739,803	-3%
Capital grants & contributions	-	-	-	-	-	-	0%
General Revenues:							
Property taxes	2,182,159	2,160,681	-	-	2,182,159	2,160,681	-1%
Income surtax	167,580	160,222	-	-	167,580	160,222	-4%
Statewide sales & services tax	330,872	345,974	-	-	330,872	345,974	5%
Unrestricted state grants	1,253,323	1,243,686	-	-	1,253,323	1,243,686	-1%
Unrestricted investment earnings	6,966	5,711	85	89	7,051	5,800	-18%
Other revenue	4,195	90,622	-	-	4,195	90,622	2,060%
Total Revenues	5,026,535	5,024,879	240,196	244,600	5,266,731	5,269,479	<-1%
Expenses:							
Instruction	2,590,705	2,671,051	-	-	2,590,705	2,671,051	3%
Support services	1,509,782	1,568,429	-	-	1,509,782	1,568,429	4%
Non-instructional programs	1,433	1,806	236,967	240,148	238,400	241,954	1%
Other expenditures	774,523	476,592	-	-	774,523	476,592	-38%
Total expenses	4,876,443	4,717,878	236,967	240,148	5,113,410	4,958,026	-3%
Change in net position before loss on fixed assets	150,092	307,001	3,229	4,452	153,321	311,453	103%
Loss on fixed assets	(20,459)	-	-	-	(20,459)	-	-100%
CHANGE IN NET POSITION	129,633	307,001	3,229	4,452	132,862	311,453	134%
Net assets beginning of year, restated	4,621,693	2,989,486	12,603	(43,916)	4,634,296	2,945,570	-36%
Net assets end of year	4,751,326	3,296,487	15,832	(39,464)	4,767,158	3,257,023	-32%

For the 2014-2015 school year property tax and unrestricted state grants account for 65 percent of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 86 percent of total expenses. (See Figure A-4 Governmental Revenues and Governmental Expenditures)

Governmental Activities

Revenues for governmental activities were \$5,024,879 while expenses amounted to \$4,717,878.

The following table presents the total and net cost of District's major governmental activities: instruction, support services, non-instructional programs and other expense

Figure A-5

	Total and Net Cost of Governmental Activities			
	Total Cost of Services 2014 (Not restated) \$	Total Cost of Services 2015 \$	Net Cost of Services 2014 (Not restated) \$	Net Cost Of Services 2015 \$
Instruction	2,590,705	2,671,051	1,705,529	1,816,406
Support Services	1,509,782	1,568,429	1,489,162	1,562,766
Non-instructional Programs	1,433	1,806	1,433	1,806
Other Expenses	774,523	476,592	598,879	318,917
TOTAL	4,876,443	4,717,878	3,795,003	3,699,895

A portion of the cost financed by users of the District's programs was \$385,955.

The federal and state government subsidized certain programs with grants and contributions totaling \$632,028.

The net cost portion of governmental activities was financed with \$2,666,877 in property and other taxes and \$1,243,686 in unrestricted state foundation aid.

Business-Type Activities

Revenues of the District's business-type activities were \$244,600 and expenses were \$240,148 for a gain of \$4,452. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Eastern Allamakee Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,487,769 below last year's ending fund balances of \$1,497,034.

Governmental Fund Highlights

- The District's General Fund financial position is the result of many factors. The fund realized a decrease with revenue less and expenditures less than fiscal year 2014. Once again as predicted, there was a small decrease in the overall fund balance in fiscal year 2015. This trend may continue, due to declining enrollment being the major contributor to this situation. The major decrease in expenditures is from the decrease in debt payments and completion of softball and baseball capital projects. The District looks at all funding to work to remain solvent at year's end.
- The General Fund balance decreased from \$920,719 to \$744,335.

- The Capital Project Fund includes revenues from sales tax and from the physical plant and equipment property tax levy. These two revenue streams and the related expenditures are tracked separately in the District's accounting records, but are combined into one Capital Projects Fund for financial reporting. The monies in the Capital Projects fund will be used for future capital improvements and equipment purchases.
- The Physical Plant and Equipment Levy account balance decreased from \$131,554 at June 30, 2014 to \$89,277 at June 30, 2015.
- The Statewide Sales Tax account balance increased from \$194,565 at June 30, 2014 to \$350,691 at June 30, 2015.
- The Debt Service Fund balance increased from \$6,641 at the beginning of the year to \$14,347 at the end of the year.

Proprietary Fund Highlights

School Nutrition fund net position increased from \$(43,916) restated at June 30, 2014 to \$(39,464) at June 30, 2015 representing an increase of 10%. The District reflected the related expenses for the net OPEB liability, which caused an overall reduction of net position.

Budgetary Highlights

In accordance with the Code of Iowa, the Board of Directors annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Over the course of the year, the District adopted one budget amendment increasing budgeted expenditures by \$575,000. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund and Capital Projects Funds. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

Capital Assets

At June 30, 2015, the District had invested approximately \$7.4 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment, transportation equipment and intangible assets. (See Figure A-6) This represents a net decrease of 2% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$354,577.

Figure A-6

Capital Assets (net of depreciation)

	Governmental		Business type		Total		Percentage
	Activities		Activities		School District		Change
	2015	2014	2015	2014	2015	2014	2014-2015
	\$	\$	\$	\$	\$	\$	
Land	7,167	7,167	-	-	7,167	7,167	0%
Buildings	6,080,908	6,237,630	-	-	6,080,908	6,237,630	-3%
Improvements	882,225	847,965	-	-	882,225	847,965	4%
Equipment & Furniture	380,823	409,112	19,691	23,775	400,514	432,887	-7%
TOTAL	7,351,123	7,501,874	19,691	23,775	7,370,814	7,525,649	-2%

Long Term Debt

At year-end, the District had \$5,531,163 in general obligation bonds, revenue bonds, termination benefits, compensated absences, net pension liability and net OPEB liability. This represents a decrease of \$960,077 from year 2014.

In 2013, the district re-financed the bonded debt at a lower interest rate. The first bonds were paid off in May of 2015 by using the refunding bonds thus the reduction in the amount of remaining debt.

Figure A-7

Outstanding Long-Term Obligations

	Total Eastern Allamakee CSD		Percentage Change
	2015	2014	2014-2015
	\$	\$	
Governmental activities:			
General obligation bonds	3,175,000	3,510,000	-10%
Revenue bonds	780,000	800,000	-3%
Termination benefits	28,261	67,657	-58%
Compensated absences	6,807	6,713	1%
Net pension liability	1,401,362	1,968,318	-29%
Net OPEB liability	85,562	66,612	28%
	<u>5,476,992</u>	<u>6,419,300</u>	<u>-15%</u>
Business type activities:			
Net pension liability	47,523	66,750	-29%
Net OPEB liability	6,648	5,190	28%
	<u>54,171</u>	<u>71,940</u>	<u>-25%</u>

Factors Bearing on the District's Future

At the time these financial statements were prepared, the District is aware of circumstances that could significantly affect its financial health in the future:

The district is concerned with declining student enrollment. The district is aware that the incoming kindergarten classes are significantly smaller than the classes graduating, thus causing a decrease in enrollment in the future years.

The district recognizes that the lower percent of supplemental state aid has a significant bearing to the district's financial health.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and private investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Marian Verdon or Janet Heiderscheid, School Board Secretaries/Treasurers/Business Managers, or Dale Crozier, Superintendent; Eastern Allamakee Community School District, 569 Center Street, Lansing, IA 52151.

BASIC FINANCIAL STATEMENTS

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities \$	Business Type Activities \$	Total \$
Assets			
Cash, cash equivalents and pooled investments	1,756,202	19,207	1,775,409
Receivables:			
Property tax:			
Delinquent	16,960	-	16,960
Succeeding year	2,237,425	-	2,237,425
Accounts	488	2,578	3,066
Due from other governments	311,371	-	311,371
Inventories	-	1,702	1,702
Prepaid expenses	807	-	807
Bond issue costs	113,521	-	113,521
Capital assets, net of accumulated depreciation	7,351,123	19,691	7,370,814
Total assets	11,787,897	43,178	11,831,075
Deferred Outflows of Resources			
Pension related deferred outflows	269,444	9,357	278,801
Liabilities			
Accounts payable	18,118	-	18,118
Salaries and benefits payable	404,140	15,851	419,991
Due to other governments	9,835	-	9,835
Accrued interest payable	22,261	-	22,261
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	340,000	-	340,000
Revenue bonds payable	70,000	-	70,000
Termination benefits	19,985	-	19,985
Compensated absences	2,269	-	2,269
Portion due after one year:			
General obligation bonds payable	2,835,000	-	2,835,000
Bond premium	57,644	-	57,644
Revenue bonds payable	710,000	-	710,000
Termination benefits	8,276	-	8,276
Compensated absences	4,538	-	4,538
Net pension liability	1,401,362	47,523	1,448,885
Net OPEB liability	85,562	6,648	92,210
Total liabilities	5,988,990	70,022	6,059,012
Deferred Inflows of Resources:			
Unavailable property tax revenue	2,237,425	-	2,237,425
Pension related deferred inflows	534,439	18,344	552,783
Other	-	3,633	3,633
Total deferred inflows of resources	2,771,864	21,977	2,793,841

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2015

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net position			
Net investment in capital assets	3,396,123	19,691	3,415,814
Restricted for:			
Categorical funding	241,129	-	241,129
Management levy	176,895	-	176,895
Physical plant and equipment levy	89,277	-	89,277
For special purposes by donors	37,258	-	37,258
Student activities	45,898	-	45,898
School Infrastructure	350,691	-	350,691
Unrestricted	(1,040,784)	(59,155)	(1,099,939)
Total net position	3,296,487	(39,464)	3,257,023

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	\$	\$	\$	\$
Governmental activities:				
Instruction:				
Regular	1,744,509	173,659	332,345	-
Special	333,426	75,743	36,252	-
Other	593,116	130,890	105,756	-
	<u>2,671,051</u>	<u>380,292</u>	<u>474,353</u>	<u>-</u>
Support services:				
Student	141,841	380	-	-
Instructional staff	178,219	-	-	-
Administration	450,817	-	-	-
Operation and maintenance of plant	474,945	1,160	-	-
Transportation	322,607	4,123	-	-
	<u>1,568,429</u>	<u>5,663</u>	<u>-</u>	<u>-</u>
Non-instructional programs	<u>1,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other expenditures:				
Long-term debt interest	72,961	-	-	-
AEA flowthrough	157,675	-	157,675	-
Depreciation (unallocated)*	245,956	-	-	-
	<u>476,592</u>	<u>-</u>	<u>157,675</u>	<u>-</u>
Total governmental activities	<u>4,717,878</u>	<u>385,955</u>	<u>632,028</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	<u>240,148</u>	<u>136,736</u>	<u>107,775</u>	<u>-</u>
Total	<u><u>4,958,026</u></u>	<u><u>522,691</u></u>	<u><u>739,803</u></u>	<u><u>-</u></u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services, and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net position

Net position beginning of year (restated)

Net position end of year

*This amount excludes the depreciation that is included in the direct expense of the various programs.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,238,505)	-	(1,238,505)
(221,431)	-	(221,431)
(356,470)	-	(356,470)
(1,816,406)	-	(1,816,406)
(141,461)	-	(141,461)
(178,219)	-	(178,219)
(450,817)	-	(450,817)
(473,785)	-	(473,785)
(318,484)	-	(318,484)
(1,562,766)	-	(1,562,766)
(1,806)	-	(1,806)
(72,961)	-	(72,961)
-	-	-
(245,956)	-	(245,956)
(318,917)	-	(318,917)
(3,699,895)	-	(3,699,895)
-	4,363	4,363
(3,699,895)	4,363	(3,695,532)
1,709,753	-	1,709,753
387,063	-	387,063
63,865	-	63,865
160,222	-	160,222
345,974	-	345,974
1,243,686	-	1,243,686
5,711	89	5,800
90,622	-	90,622
4,006,896	89	4,006,985
307,001	4,452	311,453
2,989,486	(43,916)	2,945,570
3,296,487	(39,464)	3,257,023

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2015

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Assets					
Cash, cash equivalents and pooled investments	1,059,335	11,319	397,247	288,301	1,756,202
Receivables:					
Property tax:					
Delinquent	12,050	3,028	500	1,382	16,960
Succeeding year	1,639,220	388,119	65,086	145,000	2,237,425
Accounts	488	-	-	-	488
Due from other governments	257,829	-	53,542	-	311,371
Prepaid expenditures	-	-	-	807	807
Total assets	2,968,922	402,466	516,375	435,490	4,323,253
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	5,781	-	11,321	1,016	18,118
Salaries and benefits payable	404,140	-	-	-	404,140
Due to other governments	9,480	-	-	355	9,835
Total liabilities	<u>419,401</u>	<u>-</u>	<u>11,321</u>	<u>1,371</u>	<u>432,093</u>
Deferred inflows of resources:					
Unavailable revenues:					
Succeeding year property tax	1,639,220	388,119	65,086	145,000	2,237,425
Income surtax	165,966	-	-	-	165,966
Total deferred inflows of resources	<u>1,805,186</u>	<u>388,119</u>	<u>65,086</u>	<u>145,000</u>	<u>2,403,391</u>
Fund balances:					
Nonspendable:					
Prepaid expenditures	-	-	-	807	807
Restricted for:					
Categorical funding	241,129	-	-	-	241,129
Debt service	-	14,347	-	-	14,347
Special purposes by donor	-	-	-	37,258	37,258
Management levy	-	-	-	205,156	205,156
Student activities	-	-	-	45,898	45,898
School infrastructure	-	-	350,691	-	350,691
Physical plant and equipment	-	-	89,277	-	89,277
Unassigned	503,206	-	-	-	503,206
Total fund balances	<u>744,335</u>	<u>14,347</u>	<u>439,968</u>	<u>289,119</u>	<u>1,487,769</u>
Total liabilities, deferred inflows of resources and fund balances	2,968,922	402,466	516,375	435,490	4,323,253

See notes to financial statements.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2015

		\$
Total fund balances of governmental funds (Exhibit C)		1,487,769
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,351,123
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		165,966
Bond issue costs are expensed when incurred in the governmental fund financial statements, but for the government-wide financial statements they are capitalized and amortized over the life of the bonds.		113,521
Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.		(22,261)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	269,444	
Deferred inflows of resources	<u>(534,439)</u>	(264,995)
Long-term liabilities, including bonds payable, unamortized bond premiums, compensated absences, termination benefits, other postemployment benefits, and net pension liability are not due and payable in the current year and therefore, are not reported as liabilities in the governmental funds.		<u>(5,534,636)</u>
Net position of governmental activities (Exhibit A)		<u><u>3,296,487</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,689,145	387,063	63,865	175,924	2,315,997
Tuition	203,056	-	-	-	203,056
Other	39,662	-	920	149,376	189,958
State sources	1,744,522	2,275	346,349	1,038	2,094,184
Federal sources	126,069	885	146	404	127,504
Total revenues	<u>3,802,454</u>	<u>390,223</u>	<u>411,280</u>	<u>326,742</u>	<u>4,930,699</u>
Expenditures:					
Current:					
Instruction:					
Regular	1,682,764	-	40,214	73,594	1,796,572
Special	330,025	-	-	-	330,025
Other	461,637	-	-	130,021	591,658
	<u>2,474,426</u>	<u>-</u>	<u>40,214</u>	<u>203,615</u>	<u>2,718,255</u>
Support services:					
Student	142,243	-	-	451	142,694
Instructional staff	122,790	-	53,103	1,354	177,247
Administration	432,921	-	2,856	6,559	442,336
Operation and maintenance of plant	421,221	-	1,978	46,115	469,314
Transportation	227,562	-	60,472	21,278	309,312
	<u>1,346,737</u>	<u>-</u>	<u>118,409</u>	<u>75,757</u>	<u>1,540,903</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,806</u>	<u>1,806</u>
Other expenditures:					
Facilities acquisition	-	-	95,879	-	95,879
Long-term debt:					
Principal	-	355,000	-	-	355,000
Interest and fiscal charges	-	70,446	-	-	70,446
AEA flowthrough	157,675	-	-	-	157,675
	<u>157,675</u>	<u>425,446</u>	<u>95,879</u>	<u>-</u>	<u>679,000</u>
Total expenditures	<u>3,978,838</u>	<u>425,446</u>	<u>254,502</u>	<u>281,178</u>	<u>4,939,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(176,384)</u>	<u>(35,223)</u>	<u>156,778</u>	<u>45,564</u>	<u>(9,265)</u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2015

	General	Debt Service	Nonmajor Capital Projects	Nonmajor Governmental	Total
	\$	\$	\$	\$	\$
Other financing sources (uses):					
Transfers in	-	42,929	-	-	42,929
Transfers out	-	-	(42,929)	-	(42,929)
Total other financing sources	-	42,929	(42,929)	-	-
Change in fund balances	(176,384)	7,706	113,849	45,564	(9,265)
Fund balances beginning of year	920,719	6,641	326,119	243,555	1,497,034
Fund balances end of year	744,335	14,347	439,968	289,119	1,487,769

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities

Year ended June 30, 2015

	\$	\$
Change in fund balances - total governmental funds (Exhibit E)		(9,265)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense and capital outlay expenditures in the current year are as follows:		
Expenditures for capital assets	199,742	
Depreciation expense	<u>(350,493)</u>	(150,751)
Income surtaxes and other receivables not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.		4,906
Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		355,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.		(2,515)
The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		198,842
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:		
Termination benefits	39,396	
Compensated absences	(94)	
Pension expense	(103,359)	
Other postemployment benefits	<u>(18,950)</u>	(83,007)
For governmental fund financial statements bond premiums are recorded as revenue when received, but for the Statement of Activities bond premiums are amortized over the life of the bonds.		6,405
For governmental fund financial statements bond issue costs are recorded as an expenditure when incurred, but for the Statement of Activities bond issue costs are capitalized and amortized over the life of the bonds.		<u>(12,614)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>307,001</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Fund

June 30, 2014

	Enterprise Fund
	Nonmajor School Nutrition
	\$
Assets	
Current assets:	
Cash, cash equivalents and pooled investments	19,207
Accounts receivable	2,578
Inventories	1,702
Total current assets	<u>23,487</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>19,691</u>
Total assets	<u>43,178</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>9,357</u>
Liabilities	
Current liabilities:	
Salaries and benefits payable	15,851
Deferred revenue	3,633
Total current liabilities	<u>19,484</u>
Noncurrent liabilities:	
Net pension liability	47,523
Net OPEB liability	6,648
Total noncurrent liabilities	<u>54,171</u>
Total liabilities	<u>73,655</u>
Deferred Inflows of Resources	
Pension related deferred inflows	<u>18,344</u>
Net position	
Investment in capital assets	19,691
Unrestricted	<u>(59,155)</u>
Total net position	<u>(39,464)</u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund

Year ended June 30, 2015

	Enterprise Fund
	Nonmajor School Nutrition
	\$
Operating revenues:	
Local sources:	
Charges for service	<u>136,736</u>
Operating expenses:	
Non-instructional programs:	
Salaries	78,418
Benefits	38,961
Purchased services	800
Supplies	117,885
Depreciation	4,084
Total operating expenses	<u>240,148</u>
Operating income (loss)	<u>(103,412)</u>
Non-operating revenues:	
State sources	1,820
Federal sources	105,955
Interest income	89
Total non-operating revenues	<u>107,864</u>
Change in net position	4,452
Net position beginning of year (restated)	<u>(43,916)</u>
Net position end of year	<u><u>(39,464)</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2015

	Enterprise Fund
	Nonmajor School Nutrition
	\$
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	137,517
Cash paid to employees for services	(118,702)
Cash paid to suppliers for goods or services	(102,050)
Net cash used by operating activities	<u>(83,235)</u>
Cash flows from non-capital financing activities:	
State grants received	1,820
Federal grants received	89,372
Net cash provided by non-capital financing activities	<u>91,192</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>89</u>
Net increase (decrease) in cash and cash equivalents	8,046
Cash and cash equivalents at beginning of year	<u>11,161</u>
Cash and cash equivalents at end of year	<u><u>19,207</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(103,412)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	16,583
Depreciation	4,084
Decrease (increase) in inventories	70
Decrease (increase) in accounts receivable	140
(Decrease) increase in accounts payable	(18)
(Decrease) increase in salaries and benefits payable	457
(Decrease) increase in deferred revenue	641
Decrease in net pension liability	(19,227)
Increase in deferred outflows of resources	(2,355)
Increase in deferred inflows of resources	18,344
(Decrease) increase in other postemployment benefits	1,458
Net cash used by operating activities	<u><u>(83,235)</u></u>

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2015, the District received \$16,583 of federal commodities.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Fund

June 30, 2015

	Private Purpose Trust Scholarship
	<u>\$</u>
Assets	
Cash, cash equivalents and pooled investments	188,777
Liabilities	<u>-</u>
Net Position	
Reserved for scholarships	<u><u>188,777</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Fund

Year ended June 30, 2015

	Private Purpose Trust Scholarship
	<u>\$</u>
Additions:	
Local sources:	
Interest	1,321
Deductions	
Support services:	
Scholarships awarded	<u>5,750</u>
Change in net position	(4,429)
Net position beginning of year	<u>193,206</u>
Net position end of year	<u><u>188,777</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

Eastern Allamakee Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Lansing and New Albin, Iowa and the predominately agricultural territory in a portion of Allamakee County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Eastern Allamakee Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) The potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Eastern Allamakee Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds, which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2014.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture and equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	-
Buildings	5,000
Improvements other than buildings	5,000
Intangibles	25,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	15-50 years
Improvements other than buildings	10-20 years
Intangibles	3-40 years
Furniture and equipment	5-25 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Deferred Outflows of Resources . Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable . Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation days for subsequent use. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for used vacation days. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions . For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees Retirement System (IPERS) and additions to/deductions from IPERS fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) and recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources . Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amended amounts budgeted.

2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had an investment in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio, which is valued at an amortized cost of \$17,019 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

Interest rate risk: The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfer To	Transfer From	Amount
		\$
Debt Service Fund	Nonmajor Capital Projects Fund	42,929

This transfer moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

4. Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year \$	Increases \$	Decreases \$	Balance End of Year \$
Governmental activities:				
Capital assets not being depreciated:				
Land	7,167	-	-	7,167
Construction in progress	-	-	-	-
	<u>7,167</u>	<u>-</u>	<u>-</u>	<u>7,167</u>
Capital assets being depreciated:				
Buildings	8,716,095	31,416	-	8,747,511
Improvements other than buildings	1,008,437	92,079	-	1,100,516
Furniture and equipment	983,543	76,248	29,815	1,029,976
Total capital assets being deprec.	<u>10,708,075</u>	<u>199,743</u>	<u>29,815</u>	<u>10,878,003</u>

Less accumulated depreciation for:				
Buildings	2,478,465	188,138	-	2,666,603
Improvements other than buildings	160,473	57,818	-	218,291
Furniture and equipment	574,431	104,537	29,815	649,153
Total accumulated depreciation	<u>3,213,369</u>	<u>350,493</u>	<u>29,815</u>	<u>3,534,047</u>
Total capital assets being depreciated, net	<u>7,494,706</u>	<u>(150,750)</u>	-	<u>7,343,956</u>
Governmental activities capital assets, net	<u>7,501,873</u>	<u>(150,750)</u>	-	<u>7,351,123</u>
Business type activities:				
Furniture and equipment	194,052	-	-	194,052
Less accumulated depreciation	<u>170,277</u>	<u>4,084</u>	-	<u>174,361</u>
Business type activities capital assets, net	<u>23,775</u>	<u>(4,084)</u>	-	<u>19,691</u>

Depreciation expense was charged to the following functions:

	\$
Governmental activities:	
Instruction:	
Regular	79,481
Other	-
Support services:	
Student support	456
Administration	5,566
Operation and maintenance of plant	3,712
Transportation	15,322
	<u>104,537</u>
Unallocated depreciation	<u>245,956</u>
Total depreciation expense . governmental activities	<u>350,493</u>
Business type activities:	
Food services	<u>4,084</u>

5. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities					
General obligation bonds	3,510,000	-	335,000	3,175,000	340,000
Revenue bonds	800,000	-	20,000	780,000	70,000
Termination benefits	67,657	-	39,396	28,261	19,985
Compensated absences	6,713	2,331	2,237	6,807	2,269
Net pension liability	1,968,318	-	566,956	1,401,362	-
Net OPEB liability	66,612	18,950	-	85,562	-
Total	<u>6,419,300</u>	<u>21,281</u>	<u>963,589</u>	<u>5,476,992</u>	<u>432,254</u>

Business type activities:

Net pension liability	66,750	-	19,227	47,523	-
Net OPEB liability	5,190	1,458	-	6,648	-
	<u>71,940</u>	<u>1,458</u>	<u>19,227</u>	<u>54,171</u>	<u>-</u>

Termination Benefits

The District offered a voluntary early retirement plan to its employees. To qualify the eligible employee must be age 55 or older and have 15 years of service with the Eastern Allamakee Community School District. The application for early retirement was subject to approval by the Board of Education.

At June 30, 2015, the District has an obligation to four participants with a total liability of \$28,261. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$39,396.

General Obligation Bonds Payable

Details of the District's June 30, 2015 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Crossover Refunding Bond Issue of March 2012			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2016	.65-.75	340,000	44,117	384,117
2017	.80-.90	340,000	41,610	381,610
2018	1.00-1.10	340,000	38,550	378,550
2019	1.20-1.25	345,000	34,810	379,810
2020	1.35-1.45	350,000	30,421	380,421
2021-2024	1.55-2.10	1,460,000	63,685	1,523,685
	Total	<u>3,175,000</u>	<u>253,193</u>	<u>3,428,193</u>

Bond Refunding

In March 2012, the District issued \$3,510,000 of general obligation crossover refunding bonds with interest rates ranging between .50% and 2.1%. The District issued the bonds to refund \$3,370,000 of the outstanding November 2004 general obligation bonds with interest rates of 4.00% to 4.375%. The District used the net proceeds to call and pay the balance of the 2004 bond issue on May 1, 2014.

The refunding reduced total debt service payments over the next twelve years by \$356,432. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$319,572.

Revenue Bonds

Details of the District's June 30, 2015 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of 2013			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2016	2.80	70,000	20,860	90,860
2017	2.80	90,000	18,620	108,620
2018	2.80	90,000	16,100	106,100
2019	2.80	100,000	13,440	113,440
2020	2.80	100,000	10,640	110,640
2021-2024	2.80	330,000	23,940	353,940
		<u>780,000</u>	<u>103,600</u>	<u>883,600</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$800,000 bonds issued in 2013. The bonds were issued for the purpose of financing a portion of school infrastructure costs. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2024. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 60% of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the notes is \$883,600.

6. Pension Plan

Plan Description . IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits . A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefits includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits . A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement. Death benefits depend on the benefit option the member selected at retirement.

Contributions . Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the entry age normal actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$205,585.

Net Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . At June 30, 2015, the District reported a liability of \$1,448,885 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's collective proportion was 0.036534 percent, which was an increase of 0.001090 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$106,864. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between expected and actual experience	15,747	-
Changes in assumptions	63,943	-
Net difference between projected and actual earnings on pension plan investments	-	552,563
Change in proportion and differences between District contributions and proportionate share of contributions	(6,694)	-
District contributions subsequent to the measurement date	205,585	-
Total	278,581	552,563

\$205,585 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	\$
2016	(121,086)
2017	(121,086)
2018	(121,086)
2019	(121,086)
2020	4,777
Total	(479,567)

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions . The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected

future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
	%	
US Equity	23	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100	

Discount Rate . The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate . The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
	\$	\$	\$
District proportionate share of the net pension liability	2,737,627	1,448,885	361,053

Pension Plan Fiduciary Net Position . Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS's website at www.ipers.org.

Payables to the Pension Plan . At June 30, 2015, the District reported payables to the defined benefit pension plan of \$17,773 for legally required employer contributions and \$11,842 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

7. Lease Commitment

The District entered into a four year contract to lease five busses in fiscal year 2014. The payments the District will make over the next two years are as follows:

Year Ended June 30	Lease Payment
	\$
2016	27,027
2017	172,500

\$27,027 of lease payments were made during fiscal year 2015.

8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 42 active and 4 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan where employees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	27,063
Interest on net OPEB obligation	1,795
Adjustment to annual required contribution	(4,399)
Annual OPEB cost	24,459
Contributions made	(4,051)
Increase in net OPEB obligation	20,408
Net OPEB obligation beginning of year	71,802
Net OPEB obligation end of year	92,210

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$4,051 to the medical plan. Plan members eligible for benefits contributed \$357, or 100% of the premium costs, not covered by the district's early retirement policy.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u> \$	<u>Percentage of Annual OPEB Cost Contributed</u> %	<u>Net OPEB Obligation</u> \$
June 30, 2010	15,514	23%	11,899
June 30, 2011	15,713	28%	23,168
June 30, 2012	16,857	33%	34,527
June 30, 2013	23,133	20%	53,117
June 30, 2014	23,244	20%	71,802
June 30, 2015	24,459	17%	92,210

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$155,422, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$155,422. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,490,000, and the ratio of the UAAL to covered payroll was 10.4%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the Frozen Entry Age actuarial cost method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, projected to 2000.

The UAAL is being amortized over 30 years.

9. Risk Management

Eastern Allamakee Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$157,675 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

11. Deficit Fund Balances

At June 30, 2015 the District's Nonmajor School Nutrition Fund has a deficit unrestricted net position of \$59,155.

12. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
	\$
Gifted and talented	32,785
At-risk dropout prevention	66,534
Mentoring	5,445
Teacher salary supplement	3,999
Early literacy	25,935
Limited English proficient	1,401
Core curriculum	12,552
Educator quality, professional development	24,996
Statewide voluntary preschool program	67,482
	<u>241,129</u>

13. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental Activities	Business Type Activities
	\$	\$
Net position June 30, 2014, as previously reported	4,751,326	15,832
Net pension liability at June 30, 2014	(1,968,318)	(66,750)
Deferred outflows of resources		
Related to contributions made after the June 30, 2013 measurement date	206,478	7,002
Net position July 1, 2014, as restated	<u>2,989,486</u>	<u>(43,916)</u>

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2015

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original \$	Amended Final \$	\$
Revenues:						
Local sources	2,709,011	136,825	2,845,836	2,909,048	2,909,048	(63,212)
Intermediate sources	-	-	-	1,000	1,000	(1,000)
State sources	2,094,184	1,820	2,096,004	2,147,046	2,147,046	(51,042)
Federal sources	127,504	105,955	233,459	240,859	240,859	(7,400)
Total revenues	<u>4,930,699</u>	<u>244,600</u>	<u>5,175,299</u>	<u>5,297,953</u>	<u>5,297,953</u>	<u>(122,654)</u>
Expenditures/Expenses:						
Instruction	2,718,255	-	2,718,255	3,151,528	3,151,528	433,273
Support services	1,540,903	-	1,540,903	1,678,025	1,678,025	137,122
Non-instructional programs	1,806	240,148	241,954	258,100	308,100	66,146
Other expenditures	679,000	-	679,000	423,469	948,469	269,469
Total expenditures/expenses	<u>4,939,964</u>	<u>240,148</u>	<u>5,180,112</u>	<u>5,511,122</u>	<u>6,086,122</u>	<u>906,010</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(9,265)	4,452	(4,813)	(213,169)	(788,169)	783,356
Other financing sources (uses) net	<u>-</u>	<u>-</u>	<u>-</u>	<u>(423,447)</u>	<u>(423,447)</u>	<u>423,447</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	(9,265)	4,452	(4,813)	(636,616)	(1,211,616)	1,206,803
Balance beginning of year (restated)	<u>1,497,034</u>	<u>(43,916)</u>	<u>1,453,118</u>	<u>1,242,426</u>	<u>1,242,426</u>	<u>210,692</u>
Balance end of year	<u><u>1,487,769</u></u>	<u><u>(39,464)</u></u>	<u><u>1,448,305</u></u>	<u><u>605,810</u></u>	<u><u>30,810</u></u>	<u><u>1,417,495</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2015

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$575,000.

During the year ended June 30, 2015, expenditures did not exceed the amended amounts budgeted.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last Fiscal Year*

Required Supplementary Information

	<u>2015</u>
District's proportion of the net pension liability	0.036534%
District's proportionate share of the net pension liability	1,448,885
District's covered-employee payroll	2,302,188
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62.94%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of District Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Required Supplementary Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Statutorily required contribution	205,585	213,480	201,546	184,907	155,821	153,863	149,887	133,325	120,203	121,239
Contributions in relation to the statutorily required contribution	<u>205,585</u>	<u>213,480</u>	<u>201,546</u>	<u>184,907</u>	<u>155,821</u>	<u>153,863</u>	<u>149,887</u>	<u>133,325</u>	<u>120,203</u>	<u>121,239</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	2,302,188	2,390,596	2,324,637	2,291,286	2,242,027	2,313,729	2,360,425	2,203,719	2,090,487	2,108,504
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decrease the inflation assumption from 3.25 percent to 3.00 percent.
- Decrease the assumed rate of interest on member accounts from 4.00 percent to 3.75% percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL. UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Pension Liability

Year ended June 30, 2015

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2010	July 1, 2009	-	122,746	122,746	0.0%	1,300,000	9.4%
2011	July 1, 2009	-	120,633	120,633	0.0%	1,340,000	9.0%
2012	July 1, 2009	-	112,957	112,957	0.0%	1,240,000	9.1%
2013	July 1, 2012	-	161,126	161,126	0.0%	1,350,000	11.9%
2014	July 1, 2012	-	157,580	157,580	0.0%	1,540,000	10.2%
2015	July 1, 2012	-	155,422	155,422	0.0%	1,490,000	10.4%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2015

Assets	Special Revenue Funds			Total
	Management	Student	District	
	Levy	Activity	Support	
	\$	\$	\$	\$
Cash, cash equivalents and pooled investments	203,774	47,269	37,258	288,301
Receivables:				
Property tax:				
Delinquent	1,382	-	-	1,382
Succeeding year	145,000	-	-	145,000
Prepaid expenditures	807	-	-	807
Total assets	350,963	47,269	37,258	435,490
Liabilities, Deferred Inflows of Resources & Fund Balances				
Liabilities:				
Accounts payable	-	1,016	-	1,016
Due to other governments	-	355	-	355
Total liabilities	-	1,371	-	1,371
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	145,000	-	-	145,000
Fund balances:				
Nonspendable prepaid expenditures	807	-	-	807
Restricted for:				
Special purposes by donor	-	-	37,258	37,258
Management levy	205,156	-	-	205,156
Student activities	-	45,898	-	45,898
Total fund balances	205,963	45,898	37,258	289,119
Total liabilities, deferred inflows of resources and fund balances	350,963	47,269	37,258	435,490

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2015

	Special Revenue Funds			Total \$
	Management	Student	District	
	Levy	Activity	Support Trust	
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	175,924	-	-	175,924
Other	8,214	141,041	121	149,376
State sources	1,038	-	-	1,038
Federal sources	404	-	-	404
Total revenues	<u>185,580</u>	<u>141,041</u>	<u>121</u>	<u>326,742</u>
Expenditures:				
Current:				
Instruction:				
Regular	73,594	-	-	73,594
Other	-	130,021	-	130,021
Support services:				
Student	451	-	-	451
Instructional staff	1,354	-	-	1,354
Administration	6,559	-	-	6,559
Operation and maintenance of plant	46,115	-	-	46,115
Transportation	21,278	-	-	21,278
Non-instructional programs	1,806	-	-	1,806
Total expenditures	<u>151,157</u>	<u>130,021</u>	<u>-</u>	<u>281,178</u>
Change in fund balances	34,423	11,020	121	45,564
Fund balances beginning of year	<u>171,540</u>	<u>34,878</u>	<u>37,137</u>	<u>243,555</u>
Fund balances end of year	<u>205,963</u>	<u>45,898</u>	<u>37,258</u>	<u>289,119</u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Project Accounts

June 30, 2015

Assets	Capital Projects		
	Statewide	Physical	Total
	Sales, Services and Use Tax	Plant and Equipment Levy	
	\$	\$	\$
Cash and pooled investments	297,149	100,098	397,247
Receivables:			
Property tax:			
Delinquent	-	500	500
Succeeding year	-	65,086	65,086
Due from other governments	53,542	-	53,542
Total assets	350,691	165,684	516,375
Liabilities, Deferred Inflows of Resources & Fund Balances			
Liabilities:			
Accounts payable	-	11,321	11,321
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	65,086	65,086
Fund balances:			
Restricted for:			
School infrastructure	350,691	-	350,691
Physical plant and equipment	-	89,277	89,277
Total fund balances	350,691	89,277	439,968
Total liabilities, deferred inflows of resources and fund balances	350,691	165,684	516,375

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2015

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	-	63,865	63,865
Other	694	226	920
State sources	345,974	375	346,349
Federal sources	-	146	146
Total revenues	<u>346,668</u>	<u>64,612</u>	<u>411,280</u>
Expenditures:			
Current:			
Instruction:			
Regular instruction	-	40,214	40,214
Support services:			
Instructional staff services	-	53,103	53,103
Administration services	-	2,856	2,856
Operation and maintenance of plant	-	1,978	1,978
Transportation services	58,649	1,823	60,472
Other expenditures:			
Facilities acquisition	88,964	6,915	95,879
Total expenditures	<u>147,613</u>	<u>106,889</u>	<u>254,502</u>
Excess (deficiency) of revenues over (under) expenditures	199,055	(42,277)	156,778
Other financing sources (uses):			
Transfers out	<u>(42,929)</u>	<u>-</u>	<u>(42,929)</u>
Change in fund balance	156,126	(42,277)	113,849
Fund balances beginning of year	<u>194,565</u>	<u>131,554</u>	<u>326,119</u>
Fund balance end of year	<u><u>350,691</u></u>	<u><u>89,277</u></u>	<u><u>439,968</u></u>

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2015

<u>Account</u>	<u>Balance Beginning of Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Intra-Fund Transfers</u>	<u>Balance End of Year</u>
	\$	\$	\$	\$	\$
KHS					
Class of 2014	830	-	-	(353)	477
Class of 2015	2,392	28,275	31,020	353	-
Class of 2016	-	3,732	2,473	-	1,259
Art club	1,076	-	-	-	1,076
Annual	1,545	12,739	8,988	-	5,296
Boys basketball	323	410	689	190	234
Baseball	238	50	-	-	288
Girls basketball	528	500	604	-	424
Volleyball	888	1,239	980	-	1,147
Athletics	9,162	44,024	43,421	(190)	9,575
Band	-	5,103	4,831	-	272
Speech	1,375	3,172	3,422	-	1,125
Drama	4,953	1,630	1,888	-	4,695
Juice machine	1,662	3,983	2,742	-	2,903
Family and consumer science	647	1,450	1,300	-	797
Music parents	160	-	-	-	160
National Honor Society	863	401	728	-	536
Pep club	328	-	-	-	328
Spanish club	4,314	7,122	8,803	-	2,633
Student council	107	715	797	-	25
Talon newspaper	273	-	-	-	273
Weightlifting	292	10	-	-	302
Prom	753	1,552	1,790	-	515
FFA	1,784	4,205	1,534	-	4,455
Vocal music	294	1,346	1,060	-	580
LMS					
Athletics	-	2,524	2,305	-	219
Student council	3	-	-	-	3
Magazine sales	67	16,859	10,646	-	6,280
Audubon Ark Adventure	21	-	-	-	21
Total	34,878	141,041	130,021	-	45,898

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Ten Years

	Modified Accrual Basis									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues:										
Local sources:										
Local tax	2,315,997	2,348,175	2,763,081	2,768,631	2,584,283	2,479,893	2,346,953	2,217,545	2,287,411	2,110,102
Tuition	203,056	249,217	234,350	208,728	193,731	161,113	167,374	129,721	85,388	56,451
Other	189,958	190,783	258,475	236,978	269,886	215,320	218,190	228,755	224,713	360,521
Intermediate sources	-	91	-	1,107	8,695	3,607	4,976	-	-	350
State sources	2,094,184	2,109,315	1,929,804	1,923,865	1,870,414	1,568,829	2,066,872	2,096,412	1,895,214	1,925,835
Federal sources	127,504	120,274	131,836	256,803	402,011	414,452	173,309	231,759	304,277	269,100
Total revenues	<u>4,930,699</u>	<u>5,017,855</u>	<u>5,317,546</u>	<u>5,396,112</u>	<u>5,329,020</u>	<u>4,843,214</u>	<u>4,977,674</u>	<u>4,904,192</u>	<u>4,797,003</u>	<u>4,722,359</u>
Expenditures:										
Instruction:										
Regular	1,796,572	1,786,406	1,810,598	1,765,173	1,842,336	1,821,127	1,834,727	1,841,036	1,813,272	1,781,150
Special	330,025	344,384	394,875	370,794	375,425	365,905	393,117	370,806	339,058	307,871
Other	591,658	623,728	657,503	641,530	555,387	608,184	455,561	504,077	528,051	432,610
Support services:										
Student	142,694	150,620	134,328	168,343	173,502	186,650	195,985	133,478	88,481	88,435
Instructional staff	177,247	191,971	130,936	98,090	102,118	58,382	145,331	150,029	174,453	266,487
Administration	442,336	420,976	395,734	474,043	399,482	407,208	444,116	386,997	373,817	410,312
Operation and maintenance	469,314	470,681	467,784	462,201	435,634	415,353	445,857	398,201	384,833	357,797
Transportation	309,312	294,878	317,324	294,700	322,110	307,315	283,111	382,069	336,681	365,943
Non-instructional programs	1,806	1,433	1,277	4,133	3,828	3,105	26,006	12,476	3,418	1,131
Other expenditures:										
Facilities acquisition	95,879	158,928	58,527	230,078	572,622	634,700	163,125	114,860	1,272,807	4,704,442
Long-term debt:										
Principal	355,000	4,675,000	380,000	345,000	320,000	230,000	215,000	210,000	200,000	95,000
Interest and other charges	70,446	247,153	249,370	212,144	224,174	224,151	198,514	206,914	215,014	312,667
AEA flowthrough	157,675	157,936	152,623	154,095	175,700	172,401	161,933	153,280	149,311	146,395
Total expenditures	<u>4,939,964</u>	<u>9,524,094</u>	<u>5,150,879</u>	<u>5,220,324</u>	<u>5,502,318</u>	<u>5,434,481</u>	<u>4,962,383</u>	<u>4,864,223</u>	<u>5,879,196</u>	<u>9,270,240</u>

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Independent Auditor's Report on Internal Control
Over Financial Reporting and on compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Eastern Allamakee Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Eastern Allamakee Community School District and of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 31, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Allamakee Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Allamakee Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Allamakee Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part I of the accompanying Schedule of Findings and Responses as items 15-I-A and 15-I-B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Allamakee Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Finding and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Eastern Allamakee Community School District's Responses to Findings

Eastern Allamakee Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Eastern Allamakee Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Eastern Allamakee Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

May 31, 2016

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part I: Findings Related to the Financial Statements:

Internal Control Deficiencies:

15-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, payroll processing, preparing checks and bank reconciliations, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

15-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

Instances of Noncompliance:

No matters were reported.

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting:

- 15-II-A Certified Budget: Expenditures for the year ended June 30, 2014 did not exceed the amounts budgeted.
- 15-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 15-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 15-II-D Business Transactions: No business transactions between the District and District officials or employees were noted.
- 15-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 15-II-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.
- 15-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted.
- 15-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.
- 15-II-I Deposits and Investments: We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 15-II-J Certified Annual Report (CAR): The Certified Annual Report was certified to the Iowa Department of Education timely.
- 15-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- 15-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

EASTERN ALLAMAKEE COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

Year ended June 30, 2015

Part II: Other Findings Related to Required Statutory Reporting (continued):

	\$	\$
Beginning balance		194,565
Revenues/transfers in:		
Statewide sales, services and use tax revenue	345,974	
Other local revenues	694	346,668
	<hr/>	
Expenditures/transfers out:		
School infrastructure/equipment	147,613	
Transfers to debt service fund	42,929	190,542
	<hr/>	<hr/>
Ending balance		350,691

15-II-M Deficit Balances: The District has a deficit unrestricted Net Position of \$39,464 in the School Nutrition Fund at June 30, 2015.

Recommendation: The District should continue to monitor this account and investigate alternatives to eliminate the deficit.

District Response: We are working on ways to eliminate the deficit.

Conclusion: Response accepted.